

Ronald Reagan Presidential Library
Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Baker, James A.: Files
Folder Title: [California S – Santa Ana]
Box: 12

To see more digitized collections
visit: <https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories visit:
<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: reagan.library@nara.gov

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>

December 31, 1984

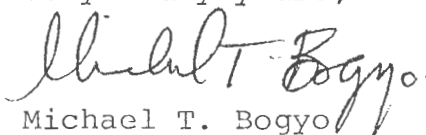
The Honorable Ronald Reagan
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear President Reagan,

This letter is sent to you to express my concern over the Treasury Department overhaul proposal presented to the White House on November 26, 1984. This proposal concerns a modified flat tax, application of the "at risk" rules to real estate, elimination of the investment tax credit, significant reduced depreciation, interest indexing, a maximum of 35-limited partner rule for taxation of limited partnerships, and repeal of the 60% exclusion for capital gains.

These rules, if passed, would create disincentives for capital formation and investment which in turn could cripple the real estate industry and result in housing shortages. These rules, especially the interest indexing and maximum tend to hurt the small investor like myself. These rules are not consistent with your goals of stimulating the economy.

Very truly yours,



Michael T. Bogyo
923 Elm Street
San Carlos, CA 94070

MB/kjh

cc: Alan Cranston, United States Senator
Pete Wilson, United States Senator
Edwin Meese III, Counsellor to the President
James A. Baker III, Chief of Staff and Assistant to the President

December 28, 1984

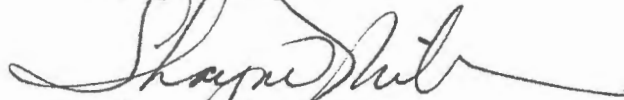
The Honorable Ronald Reagan
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear President Reagan,

This letter is sent to you to express my concern over the Treasury Department overhaul proposal presented to the White House on November 26, 1984. This proposal concerns a modified flat tax, application of the "at risk" rules to real estate, elimination of the investment tax credit, significant reduced depreciation, interest indexing, a maximum of 35-limited partner rule for taxation of limited partnerships as partnerships, and repeal of the 60% exclusion for capital gains.

These rules, if passed, would create disincentives for capital formation and investment which in turn could cripple the real estate industry and result in housing shortages. These rules, especially the interest indexing and maximum tend to hurt the small investor like myself. These rules are not consistent with your goals of stimulating the economy.

Very truly yours,



Shayne E. Miller
923 Elm Street
San Carlos, CA 94070

SM/kjh

cc: Alan Cranston, United States Senator
Pete Wilson, United States Senator
Edwin Meese III, Counsellor to the President
James A. Baker III, Chief of Staff and Assistant to the President

[REDACTED]

[REDACTED]

December 10, 1984

James A. Baker III
Chief of Staff and Assistant to the President
The White House,
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

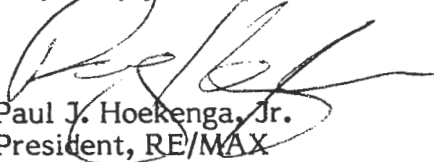
Re: Treasury Department Tax Reform Proposals

Sir:

I urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

I believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I, therefore, urge you, in the strongest terms, to publicly oppose the recent Treasury proposal.

Very truly yours,



Paul J. Hoekenga, Jr.
President, RE/MAX

PJH:rcr

RE/MAX

mid peninsula
1250 san carlos avenue, suite 102
san carlos, california 94070
office: (415) 595-5900

[REDACTED]

[REDACTED]

December 11, 1984

James A. Baker III
Chief of Staff and Assistant to the President
The White House,
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

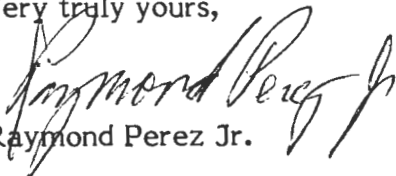
Re: Treasury Department Tax Reform Proposals

Sir:

I urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

I believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I, therefore, urge you, in the strongest terms, to publicly oppose the recent Treasury proposal.

Very truly yours,



Raymond Perez Jr.

RPJ:rcr

RF/MAX

mid peninsula
1250 san carlos avenue, suite 102
san carlos, california 94070
office: (415) 595-5900

The San Diego Union

Col. Ira C. Copley, 1864 - 1947
James S. Copley, 1916 - 1973

Editorials/Opinion

Helen K. Copley, Publisher
Gerald L. Warren, Editor

Page B-14 *

A Copley Newspaper

Wednesday, December 19, 1984

What in the God damn hell are you doing?

Rewarding repression

The Reagan administration erred, we think, in removing its objections, which amounted to a veto, to Poland's membership in the International Monetary Fund. Poland, with the fourth largest foreign debt in the world, is now cleared to rejoin an organization that lends money mostly from the industrialized democracies at below-market-interest rates to member nations in financial trouble. Moreover, Poland will now be able to borrow more money from Western bankers at low interest rates.

These liberalized loan opportunities please Gen. Wojciech Jaruzelski's oppressive government, but they will hurt Americans in two important respects. U.S. taxpayers, who subsidize 20 percent of the IMF operations, will finance a hefty share of Poland's rescue. And Americans will be exposed to even greater risks as U.S. banks extend additional capital to this communist government that is a demonstrably poor creditor.

Poland has already received \$1.8 billion in U.S.-guaranteed loans and has not paid a penny back since 1981. Approximately the same amount is owed by Poland to various American banks, which have little or no prospect of repayment.

Why, then, would Washington remove one of the most effective economic sanctions imposed three years ago when the Jaruzelski regime declared martial law to crush the Solidarity movement?

The Reagan administration asserts that it is responding to an easing of tensions in the police state. But as recently as last Sunday, Poland put an end to that sort of wishful thinking by using water cannons, tear gas, and truncheons to disperse a peaceful march in Warsaw. The 5,000 marchers, led by Lech Walesa, leader of the outlawed Solidarity labor union, were trying to place a wreath at a monument to 45 Poles killed in 1970 during clashes with police over food-price increases. Although details remain sketchy, we know that several persons were arrested, scores were injured, and Mr. Walesa was quoted as saying that the Polish police behaved "like animals."

Such ruthlessness is almost commonplace in Poland. Last month, the Rev. Jerzy Popieluszko was kidnapped by government toughs, who bound and gagged him, beat him to death, and then dumped his body into an icy reservoir. Although the government finally charged four security policemen with the mur-

der, Warsaw would have us believe it had no advance knowledge of this crime. In fact, the government even suggests the culprits were trying to undermine the general's "liberal" policies.

Apparently, some of President Reagan's closest advisers have swallowed the facile line that Jaruzelski is preferable to the communist hardliners who would tighten the thumbscrews on Poland even further. Never mind that his brutal regime has smashed Solidarity, killed and tortured hundreds of protesters, and continues to persecute dissidents and harass the Roman Catholic Church.

Lest anyone believe that the Jaruzelski government has melted, Warsaw's state-run television network derided the Reagan administration's IMF decision, declaring it proof that economic sanctions are a "fiasco." In fact, the broadcast blamed most of Poland's problems on "American propaganda aggression."

Readmitting Poland to the International Monetary Fund not only subsidizes Warsaw's tyrannical government, it also eases the Soviet Union's burden of responsibility for supporting this satellite. The White House should reconsider this curious decision.

AMREAL

December 12, 1984

Mr. James A. Baker, III
Chief of Staff and Assistant
to the President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500
RE: Treasury Department Tax Reform Proposals

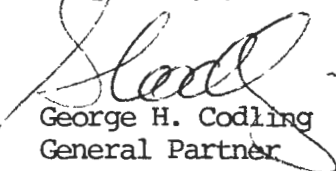
Dear Mr. Baker:

I urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

The proposal may appear to somewhat lower Federal tax for low to moderate income households. However, it completely ignores the intent embodied in the existing tax code to help provide decent and affordable housing for low to moderate income households. In today's marketplace, fully 35 to 40% of the total rental housing capital investment is equity which is compensated solely through tax deferral and conversion with no current yield. Current rent will only support a market competitive cash yield for 60 to 65% of the construction cost (typical mortgage financing). If the pass through tax benefits are eliminated under the Treasury proposal, new rental construction will stop and rents on existing rental housing will quickly adjust to a 50% increase, thereby costing the average American renter about \$2,000 per year. In essence, Treasury proposal is a government mandated rent increase.

I believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I, therefore, urge you, in the strongest terms to publicly oppose the recent Treasury proposal.

Very truly yours,


George H. Codling
General Partner

GHC/mbd

THE AMREAL GROUP

2727 CAMINO DEL RIO SOUTH • SUITE 319 • SAN DIEGO, CA 92108 • (619) 299-1122

WINGFIELD COMPANIES

155 Sansome Street, Suite 750
San Francisco, California 94104
415 · 433 · 5222

December 19, 1984

Mr. James A. Baker, III
Chief of Staff and
Assistant to the President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. Baker:

I am writing to respectfully suggest that you substantially reconsider the proposals put forth by the Treasury Department regarding tax reform.

Two years ago I began a company which facilitates investment in economic real estate transactions. While much of what has been proposed would not affect us because of the conservative nature of the investments we propose, there are certain proposals which would affect us, and more importantly, the entire structure of our economy would be, in my opinion, severely altered by the seemingly simple proposals which have been put forth.

More significant, is the complete change in philosophy on the part of the government to turn its back on years of using the tax system to stimulate investment where it is most needed for the public good. The abandonment of this philosophy would seem to me to be questionable policy at the least and extremely dangerous at the worst. Further, the limitations on interest deductions could have substantial effect on what is and has become over many years a credit oriented society that does not operate on a cash basis. The type of proposals put forth could seriously jeopardize the stability of the credit system in this country and the health and economic viability of numerous enterprises and numerous individuals.

In my small company we have created eleven jobs in the last 18 months, paid substantial taxes on the income which has been generated both at the corporate and individual levels, purchased substantial capital equipment, entered into significant contracts for use of physical plant facilities, none of which would have happened under the current treasury department proposals and much of which might not continue, and certainly could substantially contract if the proposals go forward.



2600 MISSION ST., SUITE 100, SAN MARINO, CA 91108 • (818) 799-6965

December 12, 1984

James A. Baker, III
Chief of Staff and Assistant to the President
The White House, 1600 Pennsylvania Ave., N.W.
Washington, D.C. 20510


Re: TREASURY DEPARTMENT TAX REFORM PROPOSALS

Dear Mr. Baker,

I urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

I believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I, therefore, urge you, in the strongest terms, to publically oppose the recent Treasury proposal.

Very truly yours,


Linda Snelling
Vice President
Acquisitions

cc: Allan Cranston, SH 112
Washington, D.C. 20510

Pete Wilson, SH 720
Washington, D.C. 20510

Carlos J. Moorehead, 22nd District
2346 The Rayburn Bldg., HOB
Washington, D.C. 20510

VESTEQ

FINANCIAL CORPORATION

December 14, 1984

Mr. James A. Baker, III
Chief of Staff and Assistant to
the President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Re: Treasury Department Tax Reform Proposals

Dear Mr. Baker:

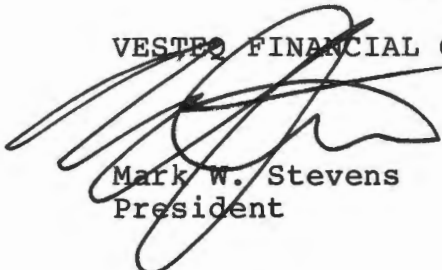
We urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

We believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation. Thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in a loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. Vesteq Financial Corporation has successfully bought and renovated 11,000 apartment units throughout the United States. In many cases the buildings are old and uninhabitable. We have restored new housing from old buildings and created additional housing that otherwise would be left in disarray. The investment in this kind of rehabilitation housing is needed to create housing for the middle and lower class society.

The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I, therefore, urge you, in the strongest terms, to re-think the recent Treasury proposal.

Very truly yours,

VESTEQ FINANCIAL CORPORATION



Mark W. Stevens
President



FICAL FINANCIAL, INC.

Respond to:
P.O. Box 9149
San Rafael, CA 94912
(415) 461-7090

December 11, 1984

Mr. James A. Baker III
Chief of Staff & Assistant to the President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

RE: Treasury Department Tax Reform Proposals

Dear Sir:

I urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

I believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I, therefore, urge you, in the strongest terms, to publicly oppose the recent Treasury proposal.

Very truly yours,

Keith W. Marsh
Vice President/General Manager

lcs

LAW OFFICES OF
JAMES M. KENNEDY
630 LAS GALLINAS AVENUE, SUITE 205
P. O. BOX 4400
SAN RAFAEL, CALIFORNIA 94913
TELEPHONE (415) 479-7375

December 17, 1984

James A. Baker III
Chief of Staff and Assistant to the President
The White House
1600 Pennsylvania Avenue N.W.
Washington, D. C. 20500

Re: Treasury Department Tax Reform Proposals

Dear Mr. Baker:

I urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

I believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This, in turn, will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I, therefore, urge you, in the strongest terms, to publicly oppose the recent Treasury proposal.

Very truly yours,



James M. Kennedy

JMK:kb

December 12, 1984

Mr. James A. Baker III
CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT
The White House, 1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Re: Treasury Department Tax Reform Proposals

Dear Mr. Baker:

We urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

We believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I, therefore, urge you, in the strongest terms, to publicly oppose the recent Treasury proposal.

This proposal may appear to somewhat lower the Federal tax for low to moderate income households. However, it completely ignores the intent embodied in the existing tax code to help provide decent and affordable housing for low to moderate income households. In today's marketplace, fully 35 to 40% of the total rental housing capital investment is equity which is compensated solely through tax deferral and conversion with no current yield. Current rent will only support a market competitive cash yield for 60 to 65% of the construction cost (typical mortgage financing). If the pass through tax benefits are illuminated under the Treasury proposal, new rental construction will stop and rents on existing rental housing will quickly adjust to a 50% increase, thereby costing the average American renter about \$2,000 per year. In essence, Treasury proposal is a government mandated rent increase.

Very truly yours,



Neil Barbour

NB/lc

December 12, 1984

Mr. James A. Baker III
CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT
The White House, 1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Re: Treasury Department Tax Reform Proposals

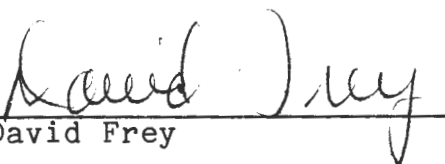
Dear Mr. Baker:

We urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

We believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I, therefore, urge you, in the strongest terms, to publicly oppose the recent Treasury proposal.

This proposal may appear to somewhat lower the Federal tax for low to moderate income households. However, it completely ignores the intent embodied in the existing tax code to help provide decent and affordable housing for low to moderate income households. In today's marketplace, fully 35 to 40% of the total rental housing capital investment is equity which is compensated solely through tax deferral and conversion with no current yield. Current rent will only support a market competitive cash yield for 60 to 65% of the construction cost (typical mortgage financing). If the pass through tax benefits are illuminated under the Treasury proposal, new rental construction will stop and rents on existing rental housing will quickly adjust to a 50% increase, thereby costing the average American renter about \$2,000 per year. In essence, Treasury proposal is a government mandated rent increase.

Very truly yours,


David Frey

DF/lc

December 12, 1984

Mr. James A. Baker III
CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT
The White House, 1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Re: Treasury Department Tax Reform Proposals

Dear Mr. Baker:

We urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

We believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I, therefore, urge you, in the strongest terms, to publicly oppose the recent Treasury proposal.

This proposal may appear to somewhat lower the Federal tax for low to moderate income households. However, it completely ignores the intent embodied in the existing tax code to help provide decent and affordable housing for low to moderate income households. In today's marketplace, fully 35 to 40% of the total rental housing capital investment is equity which is compensated solely through tax deferral and conversion with no current yield. Current rent will only support a market competitive cash yield for 60 to 65% of the construction cost (typical mortgage financing). If the pass through tax benefits are illuminated under the Treasury proposal, new rental construction will stop and rents on existing rental housing will quickly adjust to a 50% increase, thereby costing the average American renter about \$2,000 per year. In essence, Treasury proposal is a government mandated rent increase.

Very truly yours,


Dixie Frey

DF/lc

LARUE FREY INC

12171 COUNTRY LANE SANTA ANA CALIFORNIA 92705

Mr. James A. Baker III
CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT
The White House, 1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500



LARUE FREY INC.

December 12, 1984

Mr. James A. Baker III
CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT
The White House, 1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Re: Treasury Department Tax Reform Proposals

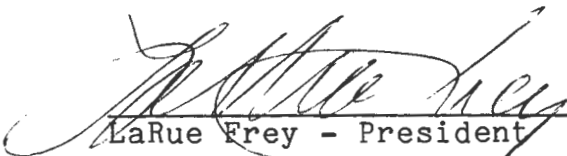
Dear Mr. Baker:

We urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

We believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I, therefore, urge you, in the strongest terms, to publicly oppose the recent Treasury proposal.

This proposal may appear to somewhat lower the Federal tax for low to moderate income households. However, it completely ignores the intent embodied in the existing tax code to help provide decent and affordable housing for low to moderate income households. In today's marketplace, fully 35 to 40% of the total rental housing capital investment is equity which is compensated solely through tax deferral and conversion with no current yield. Current rent will only support a market competitive cash yield for 60 to 65% of the construction cost (typical mortgage financing). If the pass through tax benefits are illuminated under the Treasury proposal, new rental construction will stop and rents on existing rental housing will quickly adjust to a 50% increase, thereby costing the average American renter about \$2,000 per year. In essence, Treasury proposal is a government mandated rent increase.

Very truly yours,



LaRue Frey - President

LF/lc

LARUE FREY INC.

December 12, 1984

Mr. James A. Baker III
CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT
The White House, 1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Re: Treasury Department Tax Reform Proposals

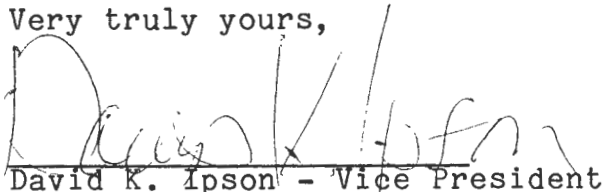
Dear Mr. Baker:

We urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

We believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I, therefore, urge you, in the strongest terms, to publicly oppose the recent Treasury proposal.

This proposal may appear to somewhat lower the Federal tax for low to moderate income households. However, it completely ignores the intent embodied in the existing tax code to help provide decent and affordable housing for low to moderate income households. In today's marketplace, fully 35 to 40% of the total rental housing capital investment is equity which is compensated solely through tax deferral and conversion with no current yield. Current rent will only support a market competitive cash yield for 60 to 65% of the construction cost (typical mortgage financing). If the pass through tax benefits are illuminated under the Treasury proposal, new rental construction will stop and rents on existing rental housing will quickly adjust to a 50% increase, thereby costing the average American renter about \$2,000 per year. In essence, Treasury proposal is a government mandated rent increase.

Very truly yours,



David K. Ipson - Vice President

DKI/lc